

Message Text

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73

ACTION EUR-12

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TAGS: PINT, IT

SUBJECT: A SMALL SCANDAL INVOLVING DC POLITICIANS AND US FIRM

1. OVER THE MARCH 6 WEEKEND DC UNDERSECRETARY OF THE TREASURY, FRANCESCO FABBRI, WAS IMPLICATED IN A FOUR MILLION DOLLAR BUSINESS TAKE-OVER SCANDAL. FABBRI HAS CONTINUOUSLY HELD ONE OF THE UNDERSECRETARY POSTS IN TREASURY MINISTRY SINCE THE SECOND ANDREOTTI GOVERNMENT IN LATE 1972. FABBRI OFFERED TO RELINQUISH HIS POST AND GIVE UP HIS PARLIAMENTARY IMMUNITY SO THAT INVESTIGATION COULD PROCEED SWIFTLY. PRIME MINISTER MORO HOWEVER REJECTED HIS RESIGNATION AS IS CUSTOMARY. FYI FABBRI--IT WOULD SEEM--DID NOT INSIST WITH CONVICTION EQUAL TO THAT DISPLAYED BY MINISTRE GUI LAST MONTH.

2. BACKGROUND. IN 1973 THE "SAN REMO" TEXTILE FIRM LOCATED IN TREVISO (A THEN WHOLLY OWNED SUBSIDIARY OF GENESCO OF USA) WAS ON BRINK OF CLOSURE WHICH WOULD HAVE COST 4,500 ITALIANS THEIR JOBS. ACCORDING TO ONE ACCOUNT GENESCO OFFERED TO TURN THE PLANT OVER TO THE CITY OF TREVISO TOGETHER WITH A LUMP SUM PAYMENT OF 12 MILLION DOLLARS TO REPEAT TO THE CITY TO COVER ALL ITS OBLIGATIONS. IN FACT THE FIRM WAS TURNED OVER TO GEPI (GESTIONE E PARTICIPAZIONE INDUSTRIALE) A STATE MANAGEMENT FIRM WHOSE CAPITAL IS CONTRIBUTED BY THREE OTHER

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STATE ENTITIES--IMI, IRI, AND EFIM. GEPI RECEIVED

8 MILLION DOLLARS SETTLEMENT FOR TAKING OVER "SAN REMO"
(SEE 73 ROME 13859 AND 74 ROME 2706). THE NUT OF THE
PRESENT CONTROVERSY IS WHETHER GENESCO HAD REALLY
OFFERED TO PAY 12 MILLION TO EITHER THE CITY OF
TREVISO OR TO ANY OTHER GROUP; AND SUBSEQUENTLY
WHETHER THERE HAD THEN BEEN COLLUSION BETWEEN
ITALIAN GOVERNMENT OFFICIALS AND GENESCO TO LOWER THE
PAYMENT.

3. FABBRI ADMITS THAT HE ASSISTED IN ARRANGING THE
TAKE-OVER. FYI: SUCH INVOLVEMENT IS NORMAL SERVICE OF
AN ITALIAN POLITICIAN (ESPECIALLY FOR A PARLIAMENTARY
UNDER SECRETARY) IN THAT HIS CONSTITUENTS WOULD
NATURALLY REQUEST HIS INTERVENTION TO SAVE JOBS AND
PRODUCTIVE AREA INVESTMENT. FABBRI INSISTS,
HOWEVER, THAT THE OFFER WHICH GEPI ACCEPTED WAS THE
ONLY ONE HE WAS AWARE OF AND THAT THE TRANSACTION
WAS SUBSEQUENTLY APPROVED BY THE INTERMINISTERIAL
COUNCIL FOR ECONOMIC PLANNING (CIPE) WHICH IS
ULTIMATELY RESPONSIBLE FOR ALL GEPI INTERVENTIONS.
A TREVISO OFFICIAL SUBSTANTIATED FABBRI'S ACCOUNT AND
EXPLAINED THAT THE 12 MILLION DOLLAR FIGURE HAD BEEN
IN AN INTERNAL CITY DOCUMENT ESTIMATING HOW MUCH
GENESCO SHOULD HAVE PAID NOT HOW MUCH THEY HAD OFFERED.

4. IN ADDITION TO FABBRI, THE PRESENT DIRECTOR OF
GEPI, DOTT. GRASSINI, AND A MR. PASQUALE CHIOMENTI,
WHO WAS GENESCO'S ATTORNEY, HAVE ALSO BEEN ACCUSED OF
ABUSING PUBLIC POSITION FOR PRIVATE GAIN AND CON-
SPIRACY BY THE PUBLIC PROSECUTOR IN TREVISO.
GRASSINI HAS INFORMED AN EMBASSY OFFICER THAT HE IS
COMPLETELY GUILTLESS OF ANY WRONGDOING.

5. COMMENT: ON THE HEELS OF THE LOCKHEED SCANDAL
THIS AFFAIR MAY WELL RECEIVE MORE ATTENTION AND MORE
THOROUGH INVESTIGATION THAN WAS THE CASE 3 YEARS AGO
WHEN THERE WERE ALSO RUMORS IN THE WIND OF WRONG
DOING. IT ALSO SHOULD BE NOTED THAT GEPI IS PRESENTLY
ALSO IN THE NEWS BASED ON ITS CONTROVERSIAL PLAN FOR
SAVING THE TROUBLED LEYLAND-INNOCENTI PLANT. DUE
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TO TODAY'S NEWSPAPER STRIKE LOCAL PRESS HAS NOT
CARRIED GENESCO DENIAL OF WRONGDOING WHICH APPEARED
IN WALL STREET JOURNAL, MARCH 9. VOLPE

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